

MAIL 30 DAYS PRIOR TO EXPIRATION!



*Cannot renew if expired over 12 months

Email: Contractor.Renewal@state.tn.us or www.state.tn.us/commerce/boards/contractors

EXPIRE DATE: _____ MONEY ORDER NUMBER: _____
 (Complete above portions to correct contact information or if pre-printed label not provided)

NEW!
Effective July 1, 2007,
General Liability
Insurance required by
ALL Contractors!

DO NOT WRITE IN THIS SECTION / FOR OFFICE USE ONLY									
CK LIST	__QA	__CNT	__W/C INS	__G/L INS	__BKCY	__FEE	__PENALTIES- _____;		
__FS	__FLNY	__RI	_____	__RNI	__Address Chg Done		__Limit Lowered: _____;		
License W/C =	\$	_____		N/W =	\$	_____			
PFS W/C (50%) =	\$	_____		FS N/W (50%) =	\$	_____			
LOC =	\$	_____	- (LOC at 50% if W/C is negative)						
Total W/C =	\$	_____		N/W =	\$	_____			
__Approved for Issuance				Initial: _____		Date: _____			
__Revision		__Increase		__Name Change			__Transfer		

ADDITIONAL INFORMATION: ☐ R or A F/S ☐ P F/S ☐ Dated F/S ☐ LOC - \$ _____

☐ Name on FS ☐ Notes ☐ GA ☐ Current FS ☐ And/Or ☐ LL - \$ _____

☐ Cont Aff ☐ FS in Name as Lic ☐ LOC on Board Format ☐ QA Needed ☐ Ins- ☐ W/C ☐ G/L

Other: _____

And/Or _____

(☐ -Lower Limit Lic Issued: _____) ☐ HOLD _____ Initial _____ Date

RENEWAL INSTRUCTIONS AND CHECKLIST

1. _____ **RENEWAL IS DUE 30 DAYS PRIOR TO THE EXPIRATION DATE!** Extension letters cannot be issued.
2. _____ **Complete “Contractor’s Affidavit” on page three (3);** answer each question (1-7) and list current qualifying agent(s), owners, and officers. Sign, date and notarize. (Must respond to all questions.)
3. _____ **Proof of Insurance - Workers Compensation; and General Liability** in the minimum amount as follows: Monetary limit up to \$500,000 - \$100,000; exceeding \$500,000 up to \$1,500,000 - \$500,000; and for contractors with a monetary limit exceeding \$1,500,000 - \$1,000,000 minimum coverage (see page 7 and 13 for additional information).
4. _____ **Attach a current financial statement** (less than 14 months) in the exact name as licensed. (See pages 4 – 5). (Financials are not required for “Spec Homebuilder” licenses or “Retired” status.)
 - You may prepare your own statement if monetary limit is \$1,500,000 or less. Break down assets and liabilities – list monthly payments in notes. Do not send income tax statements.
 - A CPA/PA must prepare your financial statement if monetary limit EXCEEDS \$1,500,000. A REVIEWED OR AUDITED financial statement on **GAAP basis** is acceptable

The following formula is used to ensure your financial statement shows enough working capital and net worth to renew:

Current assets minus current liabilities = working capital / Total assets minus total liabilities = net worth			
MONETARY LIMIT DETERMINATION FORMULA - WORKSHEET			
WORKING CAPITAL		NET WORTH	
\$ _____	Current Assets	\$ _____	Total Assets
-		-	
\$ _____	Current Liabilities	\$ _____	Total Liabilities
=		=	
\$ _____	Working Capital	\$ _____	Net Worth

Monetary limit is based on 10 times the lesser of working capital and net worth. An Unlimited license limit requires \$300,000 in both working capital and net worth. (See page four (4) for additional financial instructions.)

5. _____ **Make a photocopy of your renewal for your file.** Send complete renewal (financial statement and workers compensation insurance information) with fee. Make check payable to “**Contractor’s Board**” in the amount of **\$200.00** (include applicable late fees, \$20.00 for each month, up to 12 months) and list the contractor’s license ID # on the check; do not send cash). **Mail fee with the complete renewal, 30 days prior to expiration in the enclosed preaddressed envelope (requires 65¢ postage) to the address listed below.**

CONTRACTOR’S BOARD
500 James Robertson Pkwy., Suite 110
Nashville, TN 37243-1150

Licenses will be issued in order as received upon an initial audit of the financial statement, contractor’s affidavit, and insurance information. If additional information is needed, such as: a corrected financial statement or insurance information, we will notify you requesting the information. **Failure to respond to additional information inquiries within 30 days will cause any renewed license to become invalid!**

If renewal is submitted incomplete, the license will not be issued and permits cannot be approved.

Failure to complete the renewal process within 12 months of the expiration date, constitutes loss of renewal rights and you will be required to reinstate through the new application licensing process.

Do **NOT** submit “Revision” requests to increase monetary limit with renewal! Please send separately with “Increase Request” form for Board review at regular scheduled meetings. If you have changed your mode of operation, you must apply for a “Transfer” before undertaking contracting in the new mode of operation.

NOTE: Do not contract or obtain permits until you receive a renewed license!

You may check the website for license roster search for updates at: <http://licsrch.state.tn.us/>

PLEASE ATTACH FINANCIAL STATEMENT

- If your monetary limit is **\$1,500,000 OR LESS**, you may prepare your own compiled financial statement; a CPA is not required. Make sure assets and liabilities are clearly explained and broken down as current and long term. (*Do not list personal information on license financial statements.*)
- For monetary limits **EXCEEDING \$1,500,000** (\$1,500,001 – unlimited), a **CPA/PA** must prepare a **Reviewed** or **Audited** financial statement.

To ensure your financial statement shows enough working capital and net worth, use the following formula:

FORMULA: ***Current assets minus current liabilities, equals working capital.***
 Total assets minus total liabilities, equals net worth.
 Limit is based 10 times the lesser of both

EXAMPLE: For a monetary limit of \$500,000, working capital and net worth must both be at least \$50,000. If working capital amounts to \$40,000 and the net worth is \$100,000, you would not qualify for \$500,000. This would delay your renewal in getting issued and a letter would be sent with these options: (1) Accept a lower limit of \$400,000; or (2) Provide a personal or supplemental financial statement, with a "Guaranty Agreement"; or (3) Submit a "Line of Credit" (in the exact Board's format) for \$10,000; or (4) Send in an updated financial statement with enough working capital and net worth. Supplemental statements may be used at only 50% of their value. A line of credit may be used at 100% value but supplements working capital and not net worth. If your working capital or net worth is valued as "negative", 50% of the line of credit may be applied. If you choose to lower the license limit, a reviewed or audited financial statement prepared by a CPA/PA's must be submitted for Board review to be increased.

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed **within one year** or within a business's normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50% (***Personal IRA's not allowed on Company Financial Statement***)
- Cash surrender value of life insurance policies
- Trade accounts receivable, notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are not current assets, however, since they generally are not expected to be converted into cash within one year:

- Related party or owners receivables (not allowed as a current asset)
- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability, however.)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments or deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Line of Credit balances and credit card balances
- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, including portions of long-term obligations, expected to be liquidated within one year*

*Current liabilities do not include long term notes, bonds and obligations that will not be paid out of current assets.

CONTRACTOR'S FINANCIAL STATEMENT – BALANCE SHEET

LICENSE ID#000 _____

LICENSE NAME: _____
(Financial statement submitted must be in the NAME AS LICENSED or the renewal application will be incomplete)

ADDRESS: _____

DATE: Financial Statement as of _____, 20_____
(Month) (Day) (Year)

Mode of Operation

- ☐ SOLE PROP.
- ☐ CORPORATION
- ☐ PARTNERSHIP
- ☐ LLC
- ☐ LLP

CURRENT ASSETS	\$	DOLLARS ONLY
1. Cash on Hand and in the Bank		
2. Accounts Receivable (<i>Completed Contracts- expected to be collected within one year</i>)		
3. Underbillings on Work in Progress (<i>Uncompleted Contracts</i>)		
4. Marketable (Trading) Securities, Stocks and Bonds (<i>List at Cash Value</i>)		
5. Inventories - <i>Materials or Houses Built or Developed Lots for Sale</i>		
6. Retirement Plans (IRA; 401K; Profit Sharing) <i>*(List at Cash Value)*</i>		
7. Cash Surrender Value of Life Insurance		
8. Prepaid Expenses (<i>Insurance, Taxes, Interest, Rents, Other, etc.</i>)		
9. Other:		
TOTAL CURRENT ASSETS		
NON-CURRENT ASSETS		
10. Accounts / Notes Receivable (<i>amounts not due within one (1) year</i>)		
11. Long Term Investments		
12. Land		
13. Depreciable Assets (<i>buildings, equipment, tools, furniture, fixtures, etc.</i>)		
14. Other Assets (<i>Non-Current</i>)		
TOTAL ASSETS		
CURRENT LIABILITIES & EQUITY (NET WORTH)		
15. Credit Cards (total balance)		
16. Accounts Payable (due within one (1) year)		
17. Overbillings on jobs in progress (<i>owed to subcontractors</i>)		
18. Equipment Encumbrances (<i>Notes</i>) (Due within 1 year)		
19. Real Estate Encumbrances (<i>Mortgages</i>) (Due within 1 year)		
20. Line of Credit (balance)		
21. Other		
TOTAL CURRENT LIABILITIES		
LONG TERM LIABILITIES		
22. Accounts Payable (Amount due after 1 year)		
23. Equipment Encumbrances (<i>Notes</i>) (Amount Due after 1 year)		
24. Real Estate Encumbrances (<i>Mortgages</i>) (Amount due after 1 year)		
25. Billings in excess of costs (uncompleted contracts)		
26. Other:		
TOTAL LIABILITIES		
EQUITY (Net Worth)		
TOTAL LIABILITIES & EQUITY		

Current Assets minus Current Liabilities equal "Working Capital"; Total Assets minus Total Liabilities equals "Net Worth". This is the formula used to determine your monetary limit (10 times the lesser of working capital and net worth).

- This is a sample balance sheet for contractors with a monetary limit of \$1,500,000 or LESS or you may attach your own financial statement in lieu of this page.
- Contractors with a monetary limit in **EXCESS OF \$1,500,000 CANNOT** use this page and FORMAT! You must submit a financial statement prepared by a CPA/PA with a Reviewed or Audited opinion.

NOTICE

LICENSES ARE ISSUED PRIOR TO AUDIT!

In an effort to renew contractors in a timely manner, renewal applications submitted will be issued prior to an audit, provided the application contains a financial statement, workers compensation/general liability information, fees and/or late fees. Therefore, you will receive your license certificate with a new, current expiration date. However, if after the complete audit, additional information is needed to fulfill the renewal requirements, you will be sent a letter requesting that information to be submitted to the Board within 30 days.

Failure to respond to this request within 30 days will cause your license status to be changed to “Denied”! Contractors continuing to operate with a “Denied” status will be considered as operating as an unlicensed contractor.

Contractors, who fail to respond to this request after 12 months from their expiration date, must reinstate through the new application license procedures. Contractors with a “Denied” status, less than 12 months, would simply need to comply with the requested information in order to return to active status.

Contractors may check the contractors’ license search to review their status at: <http://licsrch.state.tn.us/>

The following are the most common problems to place a license in an inactive status:

- Financial Statement
 - Not in the name as licensed
 - Not current (more than 14 months)
 - Working capital and/or net worth does not support monetary limit
 - Must submit agreement to lower limit
 - Needs a personal financial statement and guaranty agreement
 - Line of Credit (do not put on financial statement) needed to supplement negative working capital
- Insurance (Workers Compensation and General Liability)
 - Not current (expires during the license period)
 - Failed to submit proof; has a qualifying agent as an employee
 - Failed to submit the minimum amount of coverage of general liability
- Failed to complete Contractors Affidavit
 - Did not sign or have notarized
 - Did not answer all questions (felony, etc.)
 - Qualifying Agent is someone other than on file
- Did not include late fees
 - Late fees assessed at \$20.00 each month
 - Renewal received after the expiration date (must allow 5 to 7 business days)

Please be sure to check your renewal carefully when submitting in order to prevent contracting in violation of the law, and mail 30 days prior to expiration date.

License ID# 000 _____

GUARANTY AGREEMENT

***(Required with supplemental financial statements to increase working capital or net worth
or by parent companies indemnifying subsidiaries)***

I/we, the undersigned person(s), natural or corporate, do hereby pledge and agree to guarantee the debts and obligations of the within named contractor for all debts and obligations arising out of the contracting activities of the Contractor as defined by TENNESSEE CODE ANNOTATED, section 62-6-101.

This **GUARANTY AGREEMENT** is being executed at the request of:

(NAME AS ON LICENSE)

the contractor to which this document is applicable for the express purpose of providing additional financial security and stability to, and for, said Contractor in order that they may obtain a license to engage in contracting in the State of Tennessee, Board for Licensing Contractors.

I/we the undersigned Guarantors, agree and contract to pay any and all debts and obligations of said Contractor as provided for above should they fail and refuse to pay and/or default on same.

I/we the undersigned Guarantors, agree to furnish and supply the Board with any and all financial reports, statements and information to which they may request in order to provide evidence of my/our financial security and stability.

I/we understand and agree that where the words "indemnities" appear in Rule #0680-1-.13 of the rules of the Board, it shall be in reference to this document, its title and wording to the contrary.

This document and the obligation undertaken shall expire and shall become null and void upon expiration of any license granted the Contractor by the Board or upon joint request, in writing, of the undersigned Guarantors and the Contractor, with the approval of the Board, provided, however, that any and all debts and obligations for, or arising out of work in process, upon the expiration, nullification and/or cancellation of this agreement, shall be covered and the Guarantor(s) herein shall remain liable for same.

* * *

*Corporate financial statements submitted to increase working capital and net worth of licensee, must complete corporate section.

** Personal financial statements submitted, the personal guarantor(s) sign and signature of all persons named on financial statement, such as SPOUSE, is required.

***CORPORATE GUARANTOR SECTION**

****PERSONAL GUARANTOR SECTION**

Name on Corporation's Financial Statement

Signature of Personal Guarantor

Name: _____

Signature of Personal Guarantor or Spouse

Title: _____

*** Signature of Corporate Official**

*As a corporate official, I am fully authorized to bind and obligate corporation to the terms and conditions of this document as stated herein.

NOTARIZE

Affirmed/witnessed and subscribed before me this _____ day of _____, 20_____.

Notary Public Signature

My Commission Expires: _____

GENERAL LIABILITY INSURANCE INFORMATION

Effective July 1, 2007, a new law requires all contractors to obtain General Liability Insurance in order to renew or apply for a contractor's or home improvement license. In addition, workers compensation insurance is also required.

In order to comply with the new legislation, the Board has established the following as a "minimum" amount of coverage to obtain and a rulemaking will be held to discuss these amounts. Please check with your insurance provider, as they may advise to apply for more or additional coverage, based upon your individual needs and the amount of projects you perform.

<u>Contractor's License Monetary Limit Insurance</u>	<u>Minimum General Liability</u>
Up to \$500,000	\$100,000
\$501,000 to \$1,500,000	\$500,000
\$1,501,000 to Unlimited	\$1,000,000

The following is from legislation SB1784, Public Chapter 130:

AN ACT to amend Tennessee Code Annotated, Title 62, Chapter 37 and Title 62, Chapter 6, relative to contractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-6-111(a)(1), is amended by inserting the following sentence at the end of that subdivision: "Any application for initial licensure or for renewal of licensure also shall be accompanied by an affidavit affirming that the applicant maintains general liability insurance and workers' compensation insurance and specifying the amount of such insurance as well as any other information the board may require."

LINE OF CREDIT

TO BE WRITTEN ON BANK, SAVINGS & LOAN LETTERHEAD
(May be used if WORKING CAPITAL does not support monetary limit requested)

DATE

TO: **CONTRACTOR LICENSED NAME** (*Individual, Corporation, Partnership or LLC*)
Address
City, State and Zip

RE: Contractor's License ID# 000_____

Dear Contractor:

You have requested of (Name of Bank, Savings & Loan (FDIC approved)) to establish a line of credit which will be available to (Name as on License) for use in conducting the contracting business for which a license is being sought from the State of Tennessee Board for Licensing Contractors.

We hereby establish a line of credit for these purposes in the amount of \$(Dollar Amount), which will be maintained for a period of one (1) year from the date of license issuance, subject to no adverse change in your financial condition.

As a condition of this arrangement, it is our understanding you will inform us and the Board for Licensing Contractors of any significant change(s) in your financial condition during the term of this commitment.

We the undersigned will endeavor to notify the Board for Licensing Contractors should we become aware of any significant change(s) in financial conditions of the above named applicant.

By _____
Name Title

SAMPLE LETTER -- FOR BANK USE ONLY

Contractor Instructions

- To increase the working capital, a contractor may take this **SAMPLE** form to their bank
- The line of credit (LOC) does not increase the net worth. (DO NOT add to Financial Statement!)
- If a contractor's working capital is negative, only 50% of the LOC's value is applied
- The LOC is for the contractor's use and may be utilized at any time by the contractor
- This format's exact wording must be used in order for the Board to consider accepting
- Original LOC document must be submitted; copies are not acceptable
- Name on LOC must be in the **EXACT NAME** as on the license and financial statement
- Lending institution must be a bank, savings and loan which is FDIC approved

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SUPPLEMENTAL INFORMATION

Contractors with limits of **\$1,500,000 OR LESS** may prepare their own financial statement. If your monetary limit is **GREATER THAN \$1,500,000**, you **MUST** attach your CPA's or Licensed PA's **REVIEWED OR AUDITED** financial statement.

FINANCIAL STATEMENT's must be submitted in the **EXACT** name as licensed.

MONETARY LIMIT is based on 10 times the **LESSER** of working capital or net worth. **WORKING CAPITAL** is current assets minus current liabilities; **NET WORTH** is total assets minus total liabilities. The monetary limit cannot automatically be increased; must submit revision request.

LINE OF CREDIT may be used to supplement working capital, only. Must be in our format, on the Bank's letterhead, exact name of the license, and the original copy. If your financial statement shows a negative working capital, only 50% of the Line of Credit's (*do not add to financial statement*) amount will be used.

GUARANTY AGREEMENT with a personal financial statement may be used to supplement financial statement. However, only 50% may be used. NOTE: The Guaranty must be signed by both husband and wife, and notarized. If your financial statement does not support your limit, you will be notified by mail to submit additional information or accept a lower license limit. Companies owned by another entity, the parent company must supply financial statement with Guaranty.

RETIREMENT - To retire a license; please contact the Board office for the application; license must be current. To bring out of retirement, simply complete "Renewal" and pay renewal fee of \$200.00. Retired licensee must pay retirement renewal fee of \$50.00 biennially. Cannot be in retirement more than 7 years.

REINSTATEMENT - A license which has been expired in excess of 12 months, the contractor would need to complete the new license application; expired for more than two years, must request waiver of exams.

NAME CHANGE/MODE OF OPERATION CHANGE /TRANSFER - Contact the Board office for the appropriate forms to change mode of operation. For example, change to corporation, partnership, Limited Liability Company or sole proprietor. You cannot operate in new mode until license has been approved by the Board. **Do not send requests to change or revise license with renewal!**

CHANGE IN OWNERSHIP/MERGER/REORGANIZATION DUE TO BANKRUPTCY - License is considered *INVALID and you must apply for a new license*. Contact the Board or review the website for the new license application. If the qualifying agent remains, the exams do not have to be retaken.

QUALIFYING AGENT - Is the individual who tested or was designated (prior to exams in 1987) on behalf of the company. Should this person leave, you must notify the Board within 10 days; the company has 90 days to designate another individual who has passed the trade exam(s) and supply the "Add or Change Qualifying Agent" form. After 90 days, the license is considered *invalid*. If the classification does not require a trade exam, must supply the "Add or Change Qualifying Agent" form with a list of their experience and any required certifications. It is the Board's policy that the "Business and Law" does not have to be retaken, unless there are complaints, citations, or judgments against the company.

REVISIONS – Do not send revision requests with your renewal! For forms to apply for changes, contact our office or review our website at <http://www.state.tn.us/commerce/boards/contractors/formsandapps.html> for forms, such as: **"INCREASE REQUEST"** or **"ADD CLASSIFICATION"** or **"CHANGE IN MODE"**, etc.

NEW! WORKERS COMPENSATION and GENERAL LIABILITY INSURANCE – See instructions.

NEW! RENEWAL PROCESS – Renewal must be submitted 30 days prior to the expiration date and these are processed in the order as received. After the renewal license is issued, if an audit finds the contractor has not met all requirements, such as: financial statement does not have enough working capital and net worth to support license limit; and/or lack of workers compensation information; a letter will be mailed to the contractor to respond within 30 days. After 30 days, the renewed license status will be changed to **"Denied"**.

ADDRESS CHANGES – The law requires notification of address changes within 30 days!

Most Common Problems With Renewals

- License mailing address inaccurate; state mail is not forwarded to new address by the post office.
- Financial statement does not show enough working capital and net worth to support monetary limit.
- Name on financial statement is in another name than as licensed. (Contractor's who are changing their operating name must first complete a "Name Change" form for Board review; no fee for name changes. If the name change is due to a change in "mode of operation", the contractor must first complete a transfer form, which requires Board review and a \$100.00 fee.)
- Financial statement date – No date listed; OR not current, dated more than over 14 months.
- Personal information must not be listed on the licensed entity's financial statement.
- "Workers Compensation Insurance" question not answered; or in a name other than as licensed; or the proof attached is expired. Send certificate of worker's compensation with renewal application.
- "Contractor's Affidavit" incomplete: not signed or notarized; or qualifying agent listed is someone other than the person we have as testing in our records.
- Mode of Operation is listed different than on our records. (If a contractor has changed their mode, they must apply to transfer the mode by submitting "Change of Mode of Operation" application with \$100.00 fee, and requires Board review at their regular scheduled meetings.) Do NOT send change or revision requests with the renewal! Must be submitted separately to the Revision section.
- Late fees - Renewal fees submitted late or late fees not included. This places license in a "delinquent" status, your license is invalid and you cannot contract. (Note: State mail takes 7 to 10 days for our office to receive; express mail and hand delivered takes our office two days to receive from "Cashiers Office".) The law requires renewals to be submitted 30 days prior to expiration date!
- "Guaranty Agreement" - Not signed by spouse; or was not submitted with parent company's financials.

General Information

License Name

You must contract, permit and conduct business in the name appearing on your license. Licenses are not transferable to another entity. Contracting in a name other than as licensed is illegal and is considered unlicensed activity. Should you receive a pre-printed bid submittal form, please make sure the name listed is as licensed.

QA Leaves

Should the qualifying agent leave the company, you must notify the Board in writing within 10 days and the new designated agent must pass the "Trade" exam within 90 days or the license is considered inactive. Must complete the "Add or Change QA" form. Exams will be offered by PSI effective July 1, 2006.

No Grace Period for Renewals

There is not a grace period to renew; cannot contract or permit until the renewal license has been issued.

Bidding

Must list license information (name as appears on license, I.D. number, classification, and Expiration date) on the outside of the bid envelope according to T.C.A. 62-6-119 to avoid bid rejection. Also list the same information pertaining to electrical, mechanical, plumbing, HVAC subcontractors.

Web Site Addresses

Forms and Applications: <http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>

Contractors (Home): <http://www.state.tn.us/commerce/boards/contractors/index.html>

Secretary of State: <http://www.tennesseeanytime.org/soscorp/> - Use this site to check corporate or LLC status

License Law: www.michie.com click onto "Tennessee" jurisdiction and Title 62, Chapter 6.

General Information (continued)

WORKERS COMPENSATION INSURANCE

Contractors with one (1) or more employees, such as a qualifying agent, must provide proof of workers compensation insurance, as a requirement to renew or obtain a contractor's license. The Board for Licensing Contractor's requires the proof of workers compensation insurance to be in the following format: "Producer" section must include the name of the insurance agency, and telephone number; "Insured" section should list the name of the contractor and license ID number; "Certificate of Insurance" should list the name of the insurance company; To Be Determined" or "TBD" is not acceptable; Policy effective and expiration date must fall within the period of license; "Description of Operations" portion must list: "State of Tennessee Contractors License"; "Certificate Holder" section should list the "Board for Licensing Contractors" and address; Cancellation Notice" section must be completed with at least 10 days notice to be given. Please include the license ID# on all certificates to ensure they are assigned to the correct contractor.

GENERAL LIABILITY INSURANCE

Effective July 1, 2007, contractors must provide proof of general liability insurance with the minimum amount of coverage. The amount is determined by the contractor's license limit and is as follows:

<u>Contractor's License Monetary Limit</u>	<u>Minimum Amount Required</u>
Up to \$500,000	\$100,000
Exceeding \$500,000 to \$1,500,000	\$500,000
Exceeding \$1,500,000	\$1,000,000

Failure to provide proof of coverage or a notice of cancellation will cause your license to be invalid!
Any untrue statement regarding employees and not providing proof of workers compensation is grounds for disciplinary action!

NO EXTENSION LETTERS FOR RENEWAL

The Board for Licensing Contractor's office cannot grant extension letters prior to license renewal.

The law is very explicit stating contractor renewals are due in the Board office **30 days prior to expiration**, in order to preserve their valid license and process the renewal. In addition, renewal notices are mailed to contractors, by the State, 90 days prior to the expiration date, which provides approximately two months to prepare the minimal amount of paperwork and submit the fee to keep your license active. Failure to receive the mailing by the State does not give an automatic extension or legitimate excuse for non-renewal. In the event you do not receive the renewal notice in the future, or need an additional copy, all renewal forms are available on the state website at:

<http://www.state.tn.us/commerce/boards/contractors/pdf/ContRenewalForm.pdf>

Until the license is renewed, you are not considered legal or a properly licensed contractor. Please refrain from bidding or attempting to pull any permits until your license is renewed. Also, you may check the status on the departmental website at: <http://licsrch.state.tn.us/>

RENEWAL LICENSE ISSUED

A renewal is considered complete upon receipt of the fee, financial statement and proof of workers compensation insurance (or a statement of no employees). Upon receipt of your complete renewal, a license will be issued within 30 days (renewals are processed in the order as received). If additional information is needed, which may be after your license was issued, you will be notified to respond or the license will be considered invalid. If you do not receive your renewed license within 30 days, it may have been submitted incomplete. Incomplete renewals are those which lack fees (renewal or late fees); or there was not a financial statement included; and/or workers compensation insurance requirement was not fulfilled. Therefore, incomplete renewals cannot be issued and the license will remain expired. Effective September 1, 2006, the **late fee** will be enforced from \$10.00 to **\$20.00** per month (up to 12 months); maximum penalty of \$240.00, plus fee = \$440.00.

Please mail your renewal 30 days prior to the expiration date to avoid unlicensed contracting!

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE & INSURANCE
DIVISION OF REGULATORY BOARDS
BOARD FOR LICENSING CONTRACTORS
500 JAMES ROBERTSON PKWY., SUITE 110
NASHVILLE, TN 37243-1150

